

## INDEPENDENT PHARMACY COOPERATIVE

- ✓ IPC is the nation's largest group purchasing organization for independent pharmacies.
- ✓ IPC represents over 4500 pharmacy members. Located in Sun Prairie, WI and staffed by 75 employees.
- ✓ IPC prides itself on providing the most progressive and effective programs and services to put profit back in the independent pharmacy.
- ✓ IPC members are also owners of the cooperative and share in the cooperative's annual operating profits.
- ✓ IPC negotiates contracts that deliver value to the membership and offers a wide array of programs to enhance the independent pharmacy's place in the competitive marketplace.  
IPC membership is required for savings and contract access.
- ✓ IPC has 54 stores in the state of Montana. Most in rural parts of the state.

## Pharmacy Audit Fairness

### Issue

Montana pharmacies support the right of a pharmacy benefit manager (PBM) to conduct audits to protect against fraud. However, there are currently no uniform audit standards in place to govern the auditing process, which has led to unreasonable demands and abuses. Examples of these demands and abuses include:

- Unreasonable notice for audits,
- Exorbitant fines, otherwise known as “recoupment,” for otherwise valid prescriptions due to minor clerical mistakes or misspellings by the pharmacist, and
- Unreasonable time period requirements to keep files and records.

### What this means to independent pharmacies

Each audit of a Montana pharmacy can reach into the thousands of dollars. It is not uncommon for a Montana pharmacy to have a couple audits conducted each month. Often, independent pharmacies are staffed by only the pharmacist with little additional personnel. During an audit, additional personnel are often required to oversee the audit process, thereby making the process burdensome and expensive to independent pharmacies. **Pharmacies would simply like to level the playing field to add uniformity and consistency to the pharmacy audit process.**

### Solution

- This bill would make PBM's subject to the same reasonable audit standards that exist in dozens of other states.
- These standards include:
  - Providing the pharmacy at least a 7 day notice of their intent to audit.
  - A requirement that the audit be conducted by a licensed pharmacist.
  - Allowing recoupment only if the errors are substantive and not merely typographical or clerical error in nature.
  - Limiting recoupment to actual overpayments and underpayments by preventing the unfair practice of extrapolating claims to drive up recoupment amounts.
  - Limiting the audit period to 2 calendar years.